



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

January 31, 2003

H.R. 361 **Sports Agent Responsibility and Trust Act**

*As ordered reported by the House Committee on Energy and Commerce
on January 29, 2003*

H.R. 361 would impose certain restrictions on contracts between sports agents and student athletes. For example, the bill would prohibit sports agents from soliciting such a contract by making false promises or offering gifts. These new rules would be enforced by the Federal Trade Commission (FTC) through civil penalties and by the states.

CBO estimates that enacting H.R. 361 would not have a significant impact on the federal budget. Based on information from the FTC, CBO expects that enforcement of the bill would occur mostly at the state level. Therefore, CBO expects that any increase in civil penalties resulting from the enactment of H.R. 361 would be insignificant. (Such penalties are recorded in the budget as revenues.) Similarly, we estimate that implementing H.R. 361 would increase the FTC's costs by less than \$500,000 annually, assuming the availability of appropriated funds.

H.R. 361 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

H.R. 361 would impose private-sector mandates as defined by UMRA on certain sports agents and student athletes. The bill would prohibit a sports agent from providing anything of value to a student athlete or anyone associated with the athlete before entering into a contract. An agent also would be required to provide a student athlete with a specific disclosure document before entering into an agency contract and could not predate or postdate such a contract. The bill would require a student athlete, or the athlete's parents or legal guardian if the student is under the age of 18, to sign the disclosure document prior to entering into an agency contract. In addition, the bill would require the sports agent and student athlete to each inform the student's educational institution within a specific time frame that the athlete has entered into an agency contract. Based on information from government sources, CBO estimates that the direct cost of those mandates would fall well below the annual threshold established by UMRA for private-sector mandates (\$117 million in 2003, adjusted annually for inflation).

The CBO staff contacts for this estimate are Ken Johnson (for federal costs), Victoria Heid Hall (for the state and local impact), and Paige Piper/Bach (for the private-sector impact). The estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.